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OPEN LETTER

TO

MEMBERS OF THE LEGISLATURE

ON

The Railway Question in New Zealand.

By SAMUEL VAILE.

Without Motion

there is not, there cannot be, any life.

On the

Power to Move

the whole social and commercial fabric rests. Suspend motion, and the universe itself would fall to pieces.

Therefore, my theory is that the transit question underlies every other social question, and that if the transit system of a country is radically wrong, none of its other social conditions can be quite right.

If we would prosper, we must keep the channels of motion—the means of transit—as free as possible.

At present our railways are blocked by an invisible toll-bar at every mile! Can this be to the public advantage?

AUCKLAND, 1897.

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OPEN LETTER.

AUCKLAND, 26th August, 1897.

SIR,

As it is my intention to again petition Parliament for a trial of the STAGE SYSTEM of Railway Administration, I respectfully solicit your earnest consideration of what follows.

When fifteen years ago I placed this system before the public, the whole proposal was one of my theory only, and so thoroughly did it traverse the existing policy that perhaps it is not to be wondered at that the then controller of our railways accused me of "great ignorance."

When I proposed to carry passengers from Waikari, in Canterbury, to the Bluff, in Southland, 436 miles, for 18s. 6d. first-class, and 12s. 8d. second-class, instead of the £4 10s. 11d. and £3 0s. 9d. he was charging, he no doubt thought that I did not know what I was talking about. I however had considered my subject well, and time has shown that my calculation was a more than safe one, for during the last eight years people have been carried every day on the Hungarian railways *four hundred and fifty-seven (457) miles for three shillings and fourpence (3s. 4d.)*, or a little over a fourth of my price.

All my main contentions having now been proved, *by actual practice*, to be sound and profitable, I am in a position to claim to speak with authority on this important subject.

My contention then has been and is this, that by working our railways on the system described in the accompanying paper, we could render our distant interior lands available for small settlers, could practically abolish poverty, could develop a large internal trade, could create numerous local markets for our farmers, could greatly reduce taxation, could add at least £500,000 per annum to the railway revenue, and, in fact, bring about a vast and beneficial social revolution.

These claims are large, and may seem impossible of attainment, but I think I shall be able to show that they can be easily realised.

THE HUNGARIANS.

You will probably remember that when the Hungarians in 1889 started their Zone System, which is generally understood to be a faulty adaptation of our Stage System, our late Railway Commissioners from time to time published papers asserting that that system was a failure, financial and otherwise. They also asserted that the Austrian pretence of a Zone System was much the better system of the two, was based on sounder principles, and would give the best results. What I said about these two systems will be found later on.

The Austrian system, as I predicted, has proved a failure, and we now hear nothing of it. The Hungarian system, as I said it would, has proved a great success, financially and otherwise. In a few months I expect to receive further information direct from that country, but, so far, the latest that is reliable is as follows (the figures are taken from the *Hungarian Official Report* for 1892, sent to me by that Government) :—

		PASSENGERS CARRIED.	REVENUE IN AUSTRIAN FLORINS.
1888.	The last year of the old system	9,056,500	14,112,000
1889.	In this year there were 5 months of the new system and 7 of the old	13,054,500	15,021,500
1890.	First whole year of new system	21,635,600	16,937,000
1891.		25,781,400	18,591,800
1892.		28,623,700	19,684,900

This shows a continuous increase during the four years until in 1892 they carried 19,567,200 more people, and earned 5,572,900 more florins than they did in 1888, from passenger traffic alone.

This is the latest official information I have so far been able to obtain direct from Hungary, and it is a curious circumstance that on applying to the Foreign Office in London they sent me the Report for 1890 as the latest information they had.

The *Economic Journal* of December, 1896 says: "That in 1893 the Hungarian railways carried 31,504,495 passengers;" and the *London Echo* of a late date states: "That the total revenue of the Hungarian railways for 1896 was 98,234,190 florins, or over seven and a-quarter millions more than the Minister's estimate, and the net profits were 5,000,000 florins more than in the preceding year."

Gratifying and important as this great increase in railway traffic and revenue is, it is as nothing—a mere drop in the bucket—compared with the vast commercial and social change that has taken place in Hungary since she has changed her railway system. From being one of the poorest, least progressive, and least known countries in Europe, in eight short years she has suddenly sprung to the front, and is now one of the most prosperous, progressive, and best known in the world.

AUSTRIA AND HUNGARY.

Some 30 years ago Austria and Hungary entered into a treaty, and one of its clauses provided that to the common fund of the empire Austria was to contribute 68·6 per cent., while Hungary, in consideration of her poverty was to contribute only 31·4 per cent. That treaty is about expiring, and Austria demands that Hungary should contribute a much larger share; she however sets Austria at defiance, and resolutely refuses to pay more than 32 per cent. Would she have dared to do this nine years ago? Could she have done it?

Speaking of this matter on the 8th May last, the Vienna correspondent of the *London Economist*, says: "Hitherto all the points that Hungary has asked, Austria has conceded, and the growing importance of Hungary's industries and commerce was made the first consideration."

"But lately the progress that has been made by Hungary, its growing industries, its promising commerce, its mining undertakings, its well paying railways, have all become so obvious, that Austria thinks herself justified in changing the old state of things, and in asking that her thriving neighbour shall no longer play the part of a pauper where payment is concerned."

This is the effect of the system which Messrs. Maxwell and Hannay loudly and repeatedly asserted was a failure. It is a pity their administration did not produce a similar failure in this country.

The question is, Will the Stage System produce such beneficial results here? Without fear that the results will belie the prediction, *I say that, if tried faithfully on the plan as laid down by me, that it will give vastly better results both financially and socially.* It is based on sounder financial principles, and was designed for the special purpose of enabling population to be profitably located in the far interior of a sparsely populated country.

If this can be accomplished, then it is clear that a large internal trade must be developed, and with it a large carrying trade for our railways.

FINANCIAL OUTCOME.

As to the Financial outcome of the application of the new system, it all depends on the answer to these two questions.

1st. Will two fares be taken at the low prices proposed where only one is taken now? In other words, will they double the present passenger traffic?

2nd. Will the fares paid by passengers *average* 1s. each.

It will be seen that these questions should not have been submitted for answer to railway managers, but to financial men.

The following table gives an illustration of the present and proposed fares :—

Station to Station.	Present Fares.		Proposed Fares.	
	1st Class.	2nd Class.	1st Class.	2nd Class.
	s. d.	s. d.	s. d.	s. d.
AUCKLAND LINES :				
Kaukapakapa to Te Kuiti	35 5	23 8	5 6	3 8
Kaukapakapa to Auckland	9 2	6 2	2 6	1 8
Auckland to Penrose	1 0	0 9	0 6	0 4
Auckland to Manurewa	3 2	2 1	1 0	0 8
Auckland to Drury	4 7	3 1	1 6	1 0
Auckland to Pukekohe	6 3	4 2	2 0	1 4
Auckland to Frankton	17 0	11 10	2 6	1 8
Auckland to Te Kuiti... ..	26 0	17 6	3 0	2 0
HURUNUI-BLUFF LINES :				
Waikari to Bluff	90 11	60 9	18 6	12 8
Waikari to Rangiora	6 3	4 2	1 0	0 8
Waikari to Christchurch	10 5	7 0	2 6	1 8
Christchurch to Rolleston Junction	2 11	2 0	1 0	0 8
Christchurch to Bankside	6 6	4 4	2 0	1 4
Christchurch to Timaru	20 10	13 11	3 6	2 8
Christchurch to Oamaru	31 8	21 2	6 6	4 8
Christchurch to Dunedin	47 11	32 0	11 0	7 8
Dunedin to Greytown... ..	3 0	2 1	1 0	0 8
Dunedin to Kaitangata	11 7	7 9	2 0	1 4
Dunedin to Wairuna	16 3	10 10	2 6	1 8

The question is, are these reductions sufficient to secure two fares, where one is taken now.

For my part, I have every confidence that *at least five* would travel under the new system for one that travels now, and if so, then the financial and other results would be simply astounding.

PARLIAMENTARY COMMITTEE.

This matter was fully argued before the Parliamentary Committee of 1886 (see Parliamentary Paper, I., 9, 1886). The following table summarises the evidence then given, and it also most satisfactorily answers the second question : Will the fares paid by passengers under the new system average 1s. each ? It will be seen that it proves, that even if the enormous reductions in long distance fares did not lead to any increase in the average distance travelled, that the average fare would still be 11 $\frac{3}{4}$ d., instead of the 4 $\frac{1}{2}$ d. Mr. Maxwell said it would be.

It also proves conclusively that two of my low price fares will give a much larger revenue than one of their high price ones ; for twice

424,914 is 849,828, whereas their own accountant says I only want 817,454, leaving me a surplus of 32,374 fares from the Auckland line alone.

My calculation is that, under the new system, at the very least four (4) fares would be taken where one is taken now. These at 1s. each, calculated on the basis of last year's travelling, would yield a revenue of £832,485, *from passengers alone*.

This is an *increase* of £473,663 on our passenger revenue of last year, and only £350,556 less than the total gross railway revenue for the year 1895-6.

I am quite convinced that by adopting the Stage System we could, within three or four years at the outside, add at least £700,000 to our gross railway revenue. I know that to most people my calculations will appear wild and impossible of attainment; but this is not so, they are the result of very careful study, and I am satisfied that they are moderate and easy of attainment.

It may be as well to mention that the reductions made in passenger fares in Hungary were the same as I am advocating here, namely, to about one-fifth (1-5th) of the present charges. The result has been to increase the average distance travelled by each passenger from seventy-one (71) to one hundred and thirty (130) kilometres.

As all my calculations are based on an increase of from 13 to 15 miles only, the mind becomes bewildered in contemplating the vast financial and social results that would ensue, if our success were only equal to that of the Hungarians; and I again say, *it would be greater*.

There is practically no limit to the development of railway traffic and revenue, provided they (the railways) are worked on sound principles. The experience of Hungary proves this, where, with a still faulty system, but a great improvement on the present one, not only do their railways pay well, but trade and commerce has been lifted out of the mire, and the whole face of the country changed.

At any rate I am now in a position to say this. The course of events has proved that I correctly predicted, long before the result was seen, what would be the outcome of certain operations on four different railway systems. *Is it therefore in the least likely that I shall be mistaken as to the result of my own work?*

I do not say this in any spirit of boasting, nor do I in any way claim to be a prophet, but I do claim that it proves that I have carefully studied my subject and have arrived at sound conclusions as to the principles on which railway finance and working should be based.

EVIDENCE PRODUCED at the Parliamentary Enquiry into VAILE'S STAGE SYSTEM in 1886.

WHAT THE GOVERNMENT RAILWAY ACCOUNTANT PROVES WOULD BE THE FINANCIAL RESULT OF
ADOPTING VAILE'S SYSTEM OF RAILWAY FARES AND CHARGES.

NEW ZEALAND RAILWAYS.												
Summary of Passengers carried on the Auckland Section, under different Stages (Helsensville to Morrinsville), for the Twelve Months ended 31st March, 1886.					STATEMENTS MADE As to what Mr. Vaile's average fare for the distances named would be.							
DISTANCES.	Present per centage of travellers at these distances	Per centage of revenue they now have to pay.	Total Number of passengers carried at Government Fares.	Total Revenue.			Number of Passengers computed to give the same Revenue at Mr. Vaile's Fares.		What this Table says.	Samuel Vaile's Statement.	J. P. Maxwell's Statement.	Mr. Hannay's Statement.
				£	s.	d.	Equal Numbers of each Class.	Two First-Second.				
Not exceeding 3 miles ...	*	Per centage	55,518½	1,215	12	1	59,588	55,860	*	*	*	Average for 9 miles and under not more than 5d.
Over 3 and not exceeding 5 miles	Travellers of these distances are 68·8 of the whole.	24·1	94,781	2,801	17	5	130,100	121,975	} 5·15d.	not less than 5d.	}	Average for 9 miles and under not more than 5d.
Over 5 and not exceeding 7 miles			96,604½	3,435	2	0	157,176	147,356				
Over 7 and not exceeding 10 miles			46,045½	2,144	4	3	60,012	56,259				
Total of 10 miles and under			292,949½	9,596	15	9	406,876	381,450	8·57d.	not below 8d. for 8 to 10 mls.	Could not be more than 4½d.	
Over 10 & not exceeding 30 miles	These are 25·3	39·2	75,562½	8,324	10	10	194,445	182,292	} 1·5½d.		}	"In the country districts is only 4½d. for 50 miles."
Over 30 & not exceeding 50 miles			31,640	7,322	17	6	81,842	76,731				
Over 50 miles ...			24,762	14,665	13	1	134,291	125,900				
Gross Total ...			424,914	39,909	17	2	817,454	766,373	11½d.	1s.		"I do not think the average (for all distances) will be 1s."

ACCOUNTANT'S OFFICE, WELLINGTON

A. C. FIFE, Accountant.

All the columns marked thus * have been added by S. V.

I will ask you, Sir, to be good enough to bear in mind that I was not allowed to see this return until the work of the Committee of 1886 had closed. If I had had it one week sooner, it is difficult to see how the Committee could have done other than recommend an unconditional trial.

MESSRS. MAXWELL AND HANNAY.

If you will give it a little attention you will at once see why I was not allowed to attend the Committee of 1890 (Mr. Harkness, chairman), or any subsequent one. Had I been placed in my proper position I would have subpoenaed Messrs. Maxwell and Hannay, and have asked them how they reconciled their evidence with the statement of their own accountant.

This table proves that all my calculations were sound, truthful, and well within the mark. It also shows that those of the manager and sub-manager were childishy astray, and makes it evident that railway men are not competent to deal with these financial questions.

I should like too, Sir, to direct your special attention to the first column of the table. You will observe that those who use the railways for distances of over 50 miles are less than 6% of the whole, but they have to pay nearly 37% of the revenue.

You will also see that the *country interest*, under the present system, has to pay 76% of the railway passenger revenue, while the city interest only pays 24%; and this unjust and ruinous inequality will apply to a much greater extent to goods traffic revenue, of which the country interest probably pays nearly the whole. This it is that has taken the value out of country land. How is it possible for the country to be settled under these circumstances? This is the great blot in our transit system, and, until it is removed, it is useless to expect any real permanent prosperity in either town or country. The adoption of the Stage System would alter all this, and give both town and country an equal chance.

One of the most plausible objections made to the Stage System is the assertion that we have not sufficient population. My answer, on the contrary, has been that it would give the best proportionate results in thinly populated districts. Again, time, and the course of events, has proved my calculations to be sound.

When the Zone System was applied to the Hungarian railways in 1889, the Government owned only the Main Trunk lines. These, of course, dealt with Budapesth, the other great cities, and the most densely populated districts. The result was an increase of 63% in the passenger traffic for that year.

In 1891, the Government had acquired the branch lines dealing with the most thinly populated districts. The result of the application

of the Zone System to these lines was, that during the first year the traffic increased by no less than 110%, or 47% more than in the densely populated districts.

It should be mentioned that in both these instances the new system was running only five months and the old system seven months during the financial year, yet it produced these results over the whole year.

But the most striking illustration of the adaptability of a Stage System to thinly populated countries comes to us

FROM RUSSIA.

On the 1st December, 1894, the Government of that country applied the Zone System to their railways for all distances exceeding 200 miles. For all shorter distances the old system was retained.

The passenger revenue of the Russian lines for the previous year had been £8,061,754, but the Russian railway "experts" calculated that the introduction of the new system would reduce the year's revenue to £6,167,552; it, however, wound up with £9,183,333, or £1,121,579 more than the previous year, and £3,015,781 more than the railway experts calculated on.

In the light of these indisputable facts it is difficult to imagine it possible to make a loss on our railways by introducing the Stage System.

I venture to hope, Sir, that you will be able to see your way to support me in my application. I have no end to serve other than the public good, never having asked for any reward. Having spent fifteen of the best years of my life, and a very large sum of money, in the effort to carry out this great reform, I hope I may, without presumption, say that I think I am entitled to some little consideration in this matter.

I know that sooner or later the Stage System must and will be tried, but my anxiety is that it should be tried while I am here to watch over it. Unfortunately, there is no one but myself who has sufficient knowledge of the new system to ensure a faithful trial. I know well that the superior officers of the department would

SEEK TO DESTROY IT

by what they will *be pleased to call improvements*. Its two main features, the long distance stages and its extreme simplicity, they cordially hate, and I fear that if the matter is intrusted to them that the whole thing will be spoilt. It must be borne in mind that they have always ridiculed this system, and declared that it is impracticable, unjust, and will give disastrous financial results, and their determined

hostility to it is well known to the whole country. It cannot be expected that they will exert themselves to falsify all they have been saying for the last fifteen years, and no policy could be worse than to put such an important matter into the hands of its open and avowed enemies.

Our railway managers will no doubt point to the increased railway revenue for the past year as a proof of their superior skill, and they will plead that they are doing well, and ought not to be interfered with.

The fact is, they are no more entitled to claim credit for this increase than the customs officials are to claim credit for the increased customs revenue; in both cases the increased revenue is due to the same cause—the general revival of trade—and the officials have had nothing whatever to do with it. *It is the Colony that has lifted the railways, and not, as it should be, the railways that have lifted the Colony.*

It would be easy to prove, by a comparison with other countries, that our railway officials last year made a distinct failure. The “good times” came to their rescue. The mere fact of a railway earning more revenue is no more a proof of right management than the possession of wealth is a proof of worth.

The true test of successful railway administration is the effect that administration has on the social and financial condition of the country generally, and it cannot be pretended that the position of our producers has been improved by any of the changes made in our railway administrators.

WHAT WOULD IT COST?

Another question arises. What would it cost to try this new system? A reference to the table given will show that under no circumstances could it cost more than £20,000 to run it for a whole year, as regards passenger traffic on the Auckland Section. Surely it is worth this small risk. For, if not one single fare was taken as the result of the enormous reductions made, it is clear that that amount would be the outside loss.

In proof of my own fitness to take control over this matter, may I ask your attention to the following instances in which the railway men have said one thing, and I another, and in which time has proved me to be right and them wrong.

SOME PROOFS of my ability to deal with this subject.

Our railway officials having repeatedly asserted that I am incompetent to deal with this important matter, I respectfully, and with much deference, direct attention to the instances in which time and the course of events has proved my judgment to be right and that of the railway men wrong.

My first letter on the railway question appeared in the *New Zealand Herald* of the 3rd January, 1883.

On the 31st March following, the department gazetted certain alterations and reductions in passenger fares.

Commenting on these in a printed circular letter sent to the various Chambers of Commerce, I said, "I am strongly of opinion that the concession made will simply mean so much loss so far as the revenue is concerned."

At the end of the year, passenger revenue had *decreased* £25,243, and the number of passengers carried was 10,734 *less* than in the previous year.

In March, 1884, what was known as the "GRAIN RATE TARIFF" was gazetted. I analysed this and stated that it was more likely to produce £50,000 than the £150,000 estimated by the department. The result showed a gross increase of £84,409, and a net increase of only £50,372.

It is clear that in these two instances our railway controllers were quite unable to estimate, even approximately, the result of their own work, and that my estimate was much nearer the truth than theirs.

In my first lecture on the railway question I made the statement that passengers could be carried on a railway *thirty (30) miles for one penny* without loss. Mr. Maxwell quoted this as an instance of my "great ignorance." Several years later the Chairman of the Railway Clearing House in London gave a lecture on railway transit before the London Institute. In it he made use of these words: "Given a train of the capacity to carry 500 passengers, and *assuming that train to be only one-half full, then the cost of carrying each passenger is one penny for every thirty miles.*" I think this may be taken as proof that I had calculated correctly, and that the "great ignorance" was not shown by me.

Speaking in the Auckland Chamber of Commerce soon after the appointment of the VICTORIAN RAILWAY BOARD, with Mr. Speight as chief, I used these words, "I venture to say that this Victorian Railway Board will make a complete financial failure, and that the social effects will be still more disastrous. In Victoria will first be reproduced in these colonies all the worst social inequalities, miseries, and vices of the older countries of Europe and America. I expect that for some years the revenue will be considerably increased, but it will be done by the usual process—that is, by absorbing the country districts of Victoria into Melbourne."

At that time I was probably the only man in Australasia who held this opinion, for then success was apparently assured, and the other colonies were hastening to follow Victoria's example. Time, however, has proved that my judgment was again right.

In July, 1889, I received from London information that the HUNGARIANS were to start their "Zone" System on the 1st August following. Without waiting for them to begin I immediately wrote and, among other things, said: "As to the financial outcome, for some years, probably many, it will be a great success, but owing to the concentration in one centre it will gradually wear itself out and a better stage system will take its place." (See *New Zealand Herald*, 20th July, 1889.) This was written on the information then supplied that the system was one of equal zones, all starting from the capital, hence the last clause of the paragraph quoted. The financial results have more than justified my anticipations.

Subsequent information showed that the system was not one of equal zones still I thought their arrangement very faulty, and again wrote, pointing out that the 11th, 12th, and 13th zones were likely to give poor financial results. The reports show that I was also right in this anticipation. (See *New Zealand Herald*, 22nd August, 1889.)

After four years working the increases in the various zones was as follows :—

1st zone	2nd zone	10th zone	13th zone	14th zone
600·8%	12·1%	6%	120·2%	294·0%

The officers of the department contended that under the Stage System there would be practically no increase on the shortest or the longest distances, but that any increase there might be would be on the mid-distance travelling. On the contrary, I maintained that the chief increases would be made, as they have been in Hungary, on the short and on the long distances.

It must be remembered that this evidence was given long before the Hungarian system was heard of.

In May, 1890, I received information that the AUSTRIANS were to apply a "Zone" System to their railways on the 1st of June following. It was evident to me that this system had been worked out by the railway "experts," and that while professing to be a Zone System it was really a mileage one; consequently, in the *New Zealand Herald* of 28th May, 1890, I said: "My own opinion is that if there is any improvement in financial results that they will be exceedingly small." At the end of the year they had made a small loss, and I have never heard of any good coming from the Austrian system.

One of the objections urged to according the Stage System a trial is that it would be dangerous to the country to give me control over a small section of our railways.

If this is so, may I ask why a gentleman who never pretended to have the slightest knowledge of either railway policy or working was made Chief Commissioner of the whole of our railways, with irresponsible power to deal with them just exactly as he pleased, and also power to over-ride his fellow Commissioners.

Mr. J. P. Maxwell, too, when he was appointed General Manager, on his own showing, had never had a day's training to qualify him for his post. (See Parliamentary Paper, I.—IX., 1886, Questions and Answers, 617 to 620.)

I think, too, Sir, that without presumption I may be permitted to say that my knowledge of the railway question is at any rate equal to that of any of the Ministers who have had charge of our railways during the last fifteen years.

All that I ask for, is, that such temporary powers may be given me over one section of our railways as will enable me to lay down on it the Stage System, as regards every detail of coaching and goods traffic. That done, I shall be prepared to at once resign my post, and all I will ask for my services will be my actual expenses.

In conclusion, Sir, allow me to call your attention to

A GREAT DANGER

that overhangs this community. In 1887 in America, and in 1888 in England, "Differential Rating" was made illegal under very severe penalties. In America, each rate so given renders the giver liable to a penalty of £1,000 and two years in jail. No language is strong enough to describe the utter vileness and immorality of this system.

Prior to 1887 this practice was illegal in N.Z., but by the Act appointing the irresponsible Commissioners it was made legal, and express power was given them to work it at their pleasure. In section 36, subsection (m) of that Act these words occur:—

"For imposing *differential rates and charges* for the carriage of passengers and goods upon any railway, and the circumstances and conditions under which the Commissioners will make *special rates for the carriage of goods in quantities.*"

The object of the Commissioners in seeking to obtain this enormous power is best explained in Mr. Maxwell's own words:—

In his report for 1884 he says: "The system of rating differentially in this colony is not carried far enough, and the difficulty that stands in the way is the impatience of the public in submitting to *different treatment in different cases*, and the reluctance to place in the hands of the railway officers the power which would be necessary for carrying out the principle extensively. While retaining publicity by gazetting each rate, *were such a principle more widely introduced, the public would not be able to do what it now, to some extent, essays to do—read and interpret the rates generally: but the practice followed elsewhere*

would be necessary ; the customer would appeal to the station each time he required a rate quoted ; and, whether the railways were managed by a Minister or a Board, more power and freedom in respect to rating would have to be placed in the officers' hands." The italics are mine.

By the Act repealing the appointment of Commissioners, the Government took over their powers, but in order to make assurance doubly sure, in one of the amending Acts it is expressly provided that *all the powers* exercised by the late Commissioners may be exercised by the Government.

May I ask, Sir, if the intention was to deal honestly by the public, why the late Commissioners were so anxious to have the power to multiply and confuse the rates until no one could "*read and interpret*" them?

Speaking with a full knowledge of the subject, I say that the intention of this system is to enable the controllers of railways to plunder the public to the utmost possible extent, and to use the railways for the personal aggrandisement of themselves and their friends. As the Americans put it : "all those who are in on the ground floor with them."

Let me again, Sir, direct your attention to the fact that this abominable system is now legal and in full force on our railways.

To show some of its dangers, let me instance a possible case that will be at once understood. We have lately heard a great deal about the "Ward Association." Suppose a "special rate for the carriage of goods in quantities" had been given that firm, and say that a concession of so much per bushel on grain had been made, what would it have meant to that Association, and what would it have meant to opposing firms? Yet such a transaction would have been strictly legal.

Here is an actual instance. There is a saw-miller at Mamaku, and a special rate has been made in his favour of 2/6 per 100ft. for the 108 miles to Paeroa, or 85 to Te Aroha.

There is another saw-miller at Wirangi, and his rate for the 74 miles to Paeroa is 2/11. Why is this? In the districts the question is freely asked if the special rate is a reward given to a political supporter. It is a disgrace to us as a community that such practices should be possible.

It must be borne in mind that this abuse of our railways was introduced by the late so-called non-political Railway Commissioners, and has been continued by the present Government. It will be seen how enormous and how dangerous is the power it confers on the controllers of our railways.

No change of Government, no irresponsible Commissioners, no change of men of any kind, can free us of this danger. It can only be done by *reducing railway rating to a scientific system*, which no man, or set of men, can tamper with. This the Stage System does, and that is why railway controllers hate it, and are determined to prevent its adoption if they possibly can.

Mr. J. P. Maxwell's evidence on this question of differential rating is very instructive. (See the Parliamentary Paper above-mentioned, page 50. Mr. Maxwell cross-examined by Mr. Vaile).

If a trial of the new system is entrusted to the railway men, it is its scientific character which they will seek to destroy. What they strive for is a system where all the rating depends *on their will*, and consequently all their effort will be to assimilate it as much as possible to a mileage system, and this is how they will proceed :

They will say, Oh, yes, Vaile's system is all right ; but then, like all reformers, he is too extreme. It is not possible to do all he asks, but with slight improvements it will do well enough ; and, if they are allowed, they will carry out their improvements in this fashion :

They will place more stage stations on the long distance stages, without regard to the location of population, and will thus largely destroy its value as a distributive and land settlement system. The effect will be to raise all the fares and rates to the distant and least accessible lands, and, by thus compelling the most thinly populated districts to pay more than their fair share of the revenue, retard their settlement and progress.

Even in this mutilated form it would give greatly better financial results than the present system, and the railway men would claim that these results were due to their "improvements," whereas they would only have secured a part of the revenue that might have been obtained had the system not been tampered with, and its great distributive capabilities most seriously injured.

Again commending this important matter to your careful attention,

I have the honour to remain,

Faithfully yours,

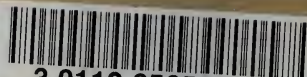
SAMUEL VAILE.

THE AVENUE,

AUCKLAND.







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